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Inc., ITG Inc., ITG Solutions Network, Inc., and The
Macgregor Group, Inc.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

INVESTMENT TECHNOLOGY GROUP, INC., ITG INC., ITG SOLUTIONS NETWORK, INC., and THE MACGREGOR GROUP, INC.	))))))
	C.A. No. 1:07-cv-00510-SAS
Plaintiffs,	)))
v.	))
LIQUIDNET HOLDINGS, INC.	))
Defendant.	))

**AFFIDAVIT OF SAVYONA ABEL IN SUPPORT OF
ITG'S MOTION FOR SUMMARY JUDGMENT**

I, Savyona Abel, swear and affirm as follows:

1.   I have personal knowledge of the facts and statements set forth herein, and, if called to

testify, would competently testify thereto.

1

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2.   I submit this affidavit in support of ITG's motion for summary judgment.

3.   I am a Managing Director of ITG Inc., 380 Madison Ave., New York NY 10017.

4.   One of ITG's products is Channel. Channel is an execution management system that ITG developed to help its clients route firm orders to ITG trading destinations.

5.   Channel itself is not a destination for trades, and no trades are matched or executed in Channel. Channel stores data about trades made from Channel but does not record trades in the sense that a marketplace records trades. ITG trades are recorded by POSIT.

6.

7.   Unplaced share information can be entered into Channel, so that the shares may be "worked."

8.   Unplaced share information consists of information relating to those portions of an order from an investment or portfolio manager that have not yet been placed, or "committed," to an electronic marketplace or other trading destination as a firm order.

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12.   The trader can edit or completely delete this information from the Channel at any time.

13.

14.   A trader can send order information from Channel to many different trading destinations where executions can occur (Channel's primary function), as well as to POSIT Alert (Channel's secondary function). POSIT Alert is not a trading destination where trades can be executed. It is only an alerting mechanism – "alerting" traders to when matching opportunities exist. When POSIT Alert finds a potential match, it "alerts" all traders having relevant exposed unplaced shares of the potential match.

15.

16.   When a trader is ready to take advantage of match information it receives from POSIT Alert, the trader can send a firm order to POSIT from Channel.

17.   ITG's POSIT is an electronic "crossing" system that matches firm orders received from traders across ITG's entire client base.

18.   ITG Algorithms also accept firm orders from Channel. ITG Algorithms slice and dice

firm orders according to the algorithm that is chosen, and place portions in one or more ITG and

non-ITG trading destinations. These "final" destinations will match and execute the orders.

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Examples

21.   The following example accurately illustrates the interaction between Channel and ITG's

own OMS, MacGregor XIP:

ITG Client 1 uses MacGregor XIP. Portfolio manager enters instruction to buy 100,000 shares

of IBM, max price = $130.50, and sell 100,000 shares (foreign equity), min price = x, and

assigned to Trader 1. These "orders" are recorded in the MacGregor OMS. Trader 1 sees both

orders on his OMS GUI.

Trader 1 sees IBM unplaced shares on both his OMS blotter and his Channel blotter (in the OMS

orders tab). Trader 1 elects to use the OMS itself to send a firm order to buy 25,000 shares of IBM at a non-ITG destination.   Channel replaces the entry row in the Channel blotter for 100,000 shares buy IBM with 75,000 shares,

22.   The following example accurately illustrates of how POSIT works:

Trader 1 uses Channel to send a firm order to buy 50,000 shares of IBM to POSIT and indicates that his minimum trade size is 30,000. POSIT matches Trader 1's order against a firm order from Trader 2 to sell 40,000 IBM, and automatically executes the trade of 40,000 shares at the midpoint of NBBO, which is $130.50 at the time of the trade. POSIT records the trade and informs Channel for Traders 1 that 40,000 shares have been matched and executed at $130.50. Trader 1's Channel blotter now reflects that 40,000 of the 50,000 shares were executed in POSIT and that 10,000 shares have been unexecuted.

23.   The following is an example of how an ITG Algorithm works:

Trader 1 sends a firm order to buy 50,000 shares of IBM to an ITG Algorithm, such as VWAP. The algorithm decides how to slice and dice the order according to its model and does not go back to the trader for any further action, confirmation, or information. With VWAP, the volume weighted average price of IBM is used to determine times throughout the day for trading. Accordingly, the algorithm may place, for example, a firm order for 20,000 shares in POSIT at time =T1, a firm order for 15,000 shares in POSIT at time = T2, and a firm order for 10,000 shares in POSIT at time = T3. All three trades are matched, executed, and reported back to Trader 1's Channel GUI and subsequently to Trader 1's OMS. With other algorithms, orders may be sent to non-ITG destinations, such as ECN's, like ARCA, or exchanges.

24.   The following example accurately illustrates

Trader 1 uses Channel to send a firm order to buy 50,000 shares of IBM to POSIT and indicates that his minimum trade size is 30,000. POSIT matches Trader 1's order against a firm order from Trader 2 to buy 40,000 IBM, and automatically executes the trade of 40,000 shares at the midpoint of NBBO, which is $130.50 at the time of the trade. POSIT records the trade and informs the OMS for Traders 1 and 2 that 40,000 shares have been matched and executed at $130.50. Trader 1's Channel blotter now reflects that 40,000 of the 50,000 shares were executed in POSIT and that 10,000 shares were unexecuted. Trader 2's blotter reflects that all of his IBM order was executed.

25.   The following example accurately illustrates

Trader 1 has an order from her portfolio manager to buy 75,000 shares of Microsoft (MSFT) at market price, which has not been placed from her OMS. Instead of sending a firm order to buy all of this order, the trader sends a firm order from her OMS to buy 25,000 shares to a non-ITG destination and receives a complete execution. She then exposes all remaining 50,000 unplaced shares to POSIT Alert. POSIT Alert identifies a potential match for this information against an unplaced order to sell 20,000 MSFT that was exposed to POSIT Alert by Trader 2, as well as a firm order to sell 10,000 MSFT that was sent to POSIT from Trader 3. POSIT Alert notifies Trader 1 and Trader 2 only that it has found a potential matching opportunity. (Trader 3 is not notified because he sent a firm order, and no further action is required for his order to be executed.) The following screen shot accurately illustrates the POSIT Alert notification:

6

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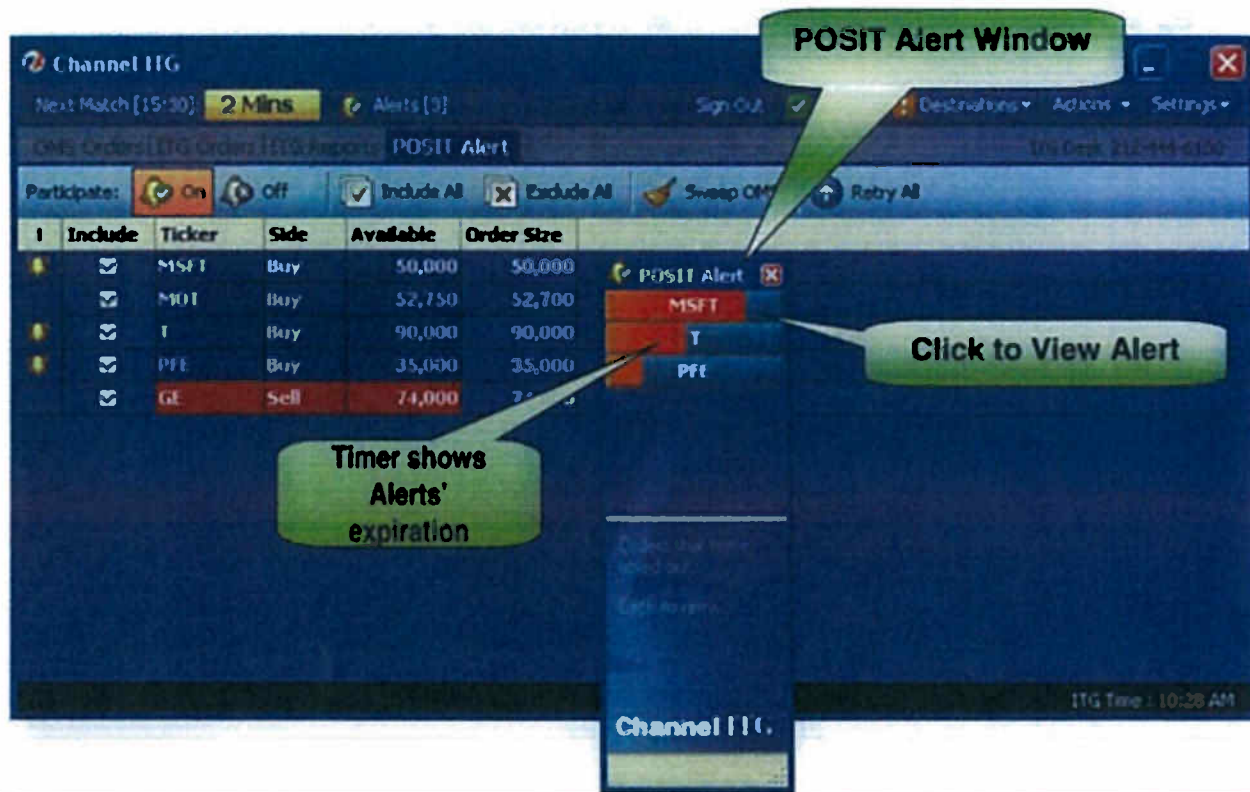
(Source: ITG0000736)

As is clear from the screen shot, none of the traders knows the quantity (or quantities) on the other side. Trader 1 then sends a firm order to buy 50,000 MSFT to POSIT. Trader 2 sends a firm order to sell 15,000 IBM to POSIT. POSIT matches the firm orders from traders 1, 2, and 3 and executes a three-way trade at the NBBO midpoint. Trader 1's Channel blotter reflects the execution of 25,000 shares (15,000 from Trader 2 and 10,000 from Trader 3) and the fact that Trader 1 still has 25,000 unplaced shares. Trader 1's OMS blotter also is updated to reflect that of her total initial order of 75,000, she has bought 25,000 at a non-ITG destination, has bought 25,000 at the NBBO midpoint through POSIT, and still has 25,000 unplaced shares.

26.   The following example accurately illustrates another aspect of the interaction with POSIT Alert:

Trader 1 has an unplaced order to buy 75,000 shares of IBM at market price. Trader 1 exposes all 75,000 unplaced shares to POSIT Alert. POSIT Alert matches this information against an
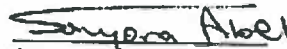
unplaced order to sell 40,000 IBM that was exposed to POSIT Alert by Trader 2, as well as a firm order to sell 10,000 IBM that was sent to POSIT from Trader 3. POSIT Alert notifies Traders 1 and Trader 2 that it has found a potential matching opportunity. (Trader 3 is not notified because he sent a firm order, and no further action is required for his order to be executed.) None of the traders know the quantity (or quantities) on the other side. Trader 1 then sends a firm order to buy 50,000 IBM to POSIT. Trader 2 sends a firm order to sell 10,000 IBM to POSIT. POSIT matches the firm orders from traders 1, 2, and 3 and executes a three-way trade at the NBBO midpoint. Trader 1's Channel blotter reflects the execution of 20,000 shares (10,000 from trader 2 and 10,000 from trader 3) and the fact that Trader 1 still has 55,000 unplaced shares. Trader 1 then sends another firm order for 55,000 shares of IBM to a non-ITG destination from his OMS blotter.

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: August 25, 2010

Savyona Abel

9